

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

SEARS HOLDINGS CORPORATION, *et al.*,

Debtors.¹

Chapter 11

Case No. 18-23538 (RDD)

(Jointly Administered)

**NINETEENTH MONTHLY FEE STATEMENT OF FTI CONSULTING, INC. FOR
COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT OF
EXPENSES INCURRED AS FINANCIAL ADVISOR TO THE OFFICIAL
COMMITTEE OF UNSECURED CREDITORS FOR THE PERIOD FROM
MAY 1, 2020 THROUGH MAY 31, 2020**

Name of Applicant:

FTI Consulting, Inc.

Authorized to provide Professional Services
to:

Official Committee of Unsecured Creditors

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); SHC Licensed Business LLC (3718); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); Sears, Roebuck de Puerto Rico, Inc. (3626); SYW Relay LLC (1870); Wally Labs LLC (None); SHC Promotions LLC (9626); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Sears Brands Business Unit Corporation (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); and Sears Brands Management Corporation (5365). The location of the Debtors' corporate headquarters is 3333 Beverly Road, Hoffman Estates, Illinois 60179.

Date of Retention: December 19, 2018, *nunc pro tunc* to
October 25, 2018

Period for which compensation and
reimbursement is sought: May 1, 2020 through May 31,
2020

Monthly Fees Incurred: \$46,670.00

Monthly Expenses Incurred: \$0.00

Total Fees and Expenses: \$46,670.00

This is a: X monthly _____ interim _____ final application

This statement (the “**Fee Statement**”) of FTI Consulting, Inc. (together with its wholly owned subsidiaries and independent contractors, “**FTI**”) as financial advisor to the Official Committee of Unsecured Creditors of Sears Holdings Corporation, *et al.* (the “**Committee**”) is submitted in accordance with the *Order Authorizing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals* [ECF No.796] entered on November 16, 2018, (the “**Order**”). In support of this Fee Statement, FTI respectfully states as follows.

1. The fees and expenses for the period from May 1, 2020 through and including May 31, 2020 (the “**Nineteenth Fee Period**”) amount to:

Professional Fees	\$46,670.00
Expenses	<u>0.00</u>
TOTAL	<u>\$46,670.00</u>

2. In accordance with the Order, if no timely and proper objection is made by a party-in-interest within fifteen (15) days after service of this Fee Statement, the Debtors are authorized to pay 80% of professional fees and 100% of out-of-pocket expenses. These amounts are presented below.

Professional Fees at 80%	\$37,336.00
Expenses at 100%	<u>0.00</u>
TOTAL	<u>\$37,336.00</u>

3. The professionals providing services, hourly billing rates, the aggregate hours worked by each professional, and the aggregate hourly fees for each professional during the Nineteenth Fee Period are set forth on the schedule annexed hereto as **Exhibit “A.”**

4. A summary of aggregate hours worked and aggregate hourly fees for each task code during the Nineteenth Fee Period is set forth on the schedule annexed hereto as **Exhibit “B.”**

5. Detailed time entry by task code during the Nineteenth Fee Period is set forth on the schedule annexed hereto as **Exhibit “C.”**

6. A summary of expenses incurred during the Nineteenth Fee Period is set forth on the schedule annexed hereto as **Exhibit “D.”**

7. Detailed breakdown of the expenses incurred during the Nineteenth Fee Period is set forth on the schedule annexed hereto as **Exhibit “E.”**

8. FTI reserves the right to request, in subsequent fee statements and applications, any fees and reimbursement of any additional expenses incurred during the Nineteenth Fee Period, as such fees and expenses may not have been captured to date in FTI’s billing system.

NOTICE AND OBJECTION PROCEDURES

9. Notice of this Fee Statement shall be given by hand or overnight delivery or email where available upon (i) Sears Holdings Corporation, 3333 Beverly Road, Hoffman Estates, Illinois 60179, Attention: Mohsin Y. Meghji (email: mmeghji@miiipartners.com); (ii) counsel to the Debtors, Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, NY 10153, Attention: Ray C. Schrock (email: ray.schrock@weil.com), Jacqueline Marcus (email: jacqueline.marcus@weil.com), Garrett A. Fail (email: garrett.fail@weil.com), and Sunny Singh (email: sunny.singh@weil.com); (iii) William K. Harrington, the United States Trustee, U.S. Federal Office Building, 201 Varick Street, Suite 1006, New York, NY 10014, Attention: Paul Schwartzberg (e-mail: paul.schwartzberg@usdoj.gov) and Richard Morrissey (e-mail: richard.morrissey@usdoj.gov); and (iv) counsel to Bank of America, N.A., Skadden, Arps, Slate, Meagher & Flom LLP, 4 Times Square, New York, NY 10036, Attention: Paul D. Leake (email: paul.leake@skadden.com), Shana A. Elberg (email: shana.elberg@skadden.com) and George R. Howard (email: george.howard@skadden.com); (v) Paul E. Harner, fee examiner, 1675 Broadway, New York, NY 10019 (email: harnerp@ballardspahr.com); and (vi) counsel to the fee examiner, Ballard Spahr LLP, 1675 Broadway, New York, NY 10019, Attention: Vincent J. Marriott (email: marriott@ballardspahr.com) and Tobey M. Daluz (email: daluzt@ballardspahr.com) (collectively, the “Notice Parties”).

10. Objections to this Fee Statement, if any, must be filed with the Court and served upon the Notice Parties so as to be received no later than July 6, 2020 (the “Objection Deadline”), setting forth the nature of the objection and the amount of fees or expenses at issue (an “Objection”).

11. If no objections to this Fee Statement are filed and served as set forth above, the Debtors shall promptly pay eighty percent (80%) of the fees and one hundred percent (100%) of the expenses identified herein.

12. If an objection to this Fee Statement is received on or before the Objection Deadline, the Debtors shall withhold payment of that portion of this Fee Statement to which the objection is directed and promptly pay the remainder of the fees and disbursements in the percentages set forth above. To the extent such an objection is not resolved, it shall be preserved and scheduled for consideration at the next interim fee application hearing to be heard by the Court.

Dated: New York, New York
June 19, 2020

FTI CONSULTING, INC.
Financial Advisors to the Official Committee of
Unsecured Creditors of Sears Holdings Corporation

By: /s/ Matthew Diaz
Matthew Diaz, Senior Managing Director
Three Times Square, 10th Floor
New York, New York 10036
Telephone: (212) 499-3611
Email: matt.diaz@fticonsulting.com

EXHIBIT A

SEARS HOLDINGS CORPORATION, et al. - CASE NO. 18-23538

SUMMARY OF HOURS BY PROFESSIONAL

FOR THE PERIOD MAY 1, 2020 TO MAY 31, 2020

Professional	Position	Specialty	Billing Rate	Total Hours	Total Fees
Diaz, Matthew	Senior Managing Director	Restructuring	\$ 1,085	5.7	\$ 6,184.50
Eisler, Marshall	Senior Director	Restructuring	835	6.0	5,010.00
Kim, Ye Darm	Senior Consultant	Restructuring	560	60.1	33,656.00
Shapiro, Jill	Consultant	Restructuring	415	2.9	1,203.50
Hellmund-Mora, Marili	Associate	Restructuring	280	2.2	616.00
TOTAL				76.9	\$46,670.00

EXHIBIT B**SEARS HOLDINGS CORPORATION, et al. - CASE NO. 18-23538****SUMMARY OF HOURS BY TASK****FOR THE PERIOD MAY 1, 2020 TO MAY 31, 2020**

Task Code	Task Description	Total Hours	Total Fees
7	Analysis of Business Plan	2.3	\$ 1,920.50
14	Analysis of Claims and Liabilities Subject to Compromise	0.9	504.00
17	Wind Down Monitoring	7.4	4,721.50
18	Potential Avoidance Actions & Litigation	59.2	36,007.00
24	Preparation of Fee Application	7.1	3,517.00
TOTAL		76.9	\$46,670.00

EXHIBIT C

SEARS HOLDINGS CORPORATION, et al. - CASE NO. 18-23538

DETAIL OF TIME ENTRIES

FOR THE PERIOD MAY 1, 2020 TO MAY 31, 2020

Task Category	Date	Professional	Hours	Activity
7	5/13/2020	Eisler, Marshall	2.3	Prepare for and listen to call with pre-effective date Committee.
7 Total			2.3	
14	5/21/2020	Kim, Ye Darm	0.9	Review assumption of contract/lease re: Sydney, NY.
14 Total			0.9	
17	5/13/2020	Kim, Ye Darm	0.6	Draft summary of key changes re: post-confirmation cash flow forecast for internal distribution.
17	5/13/2020	Kim, Ye Darm	1.3	Draft summary of diligence call with Debtors re: post-confirmation cash flow forecasts.
17	5/13/2020	Kim, Ye Darm	1.8	Review latest post-confirmation cash flow forecast from the Debtors.
17	5/13/2020	Kim, Ye Darm	1.6	Participate in meeting with Debtors re: post-confirmation cash flow forecasts.
17	5/20/2020	Eisler, Marshall	1.2	Review follow-ups to Akin's diligence requests.
17	5/26/2020	Eisler, Marshall	0.9	Review and analyze diligence responses to Akin.
17 Total			7.4	
18	5/1/2020	Diaz, Matthew	0.6	Review responses to Akin's questions re: litigation.
18	5/1/2020	Kim, Ye Darm	2.6	Prepare analysis re: Sears historical trading levels.
18	5/1/2020	Kim, Ye Darm	2.1	Review shareholders' historical SHLD holdings.
18	5/1/2020	Kim, Ye Darm	0.6	Revise analysis re: historical Sears trading prices.
18	5/4/2020	Kim, Ye Darm	0.9	Prepare summary overview of SHLD holdings analysis.
18	5/4/2020	Diaz, Matthew	0.5	Review responses to certain Akin questions re: litigation.
18	5/4/2020	Kim, Ye Darm	1.3	Analyze historical shareholders' SHLD holdings.
18	5/5/2020	Kim, Ye Darm	1.1	Review security lending contracts re: historical holdings.

EXHIBIT C

SEARS HOLDINGS CORPORATION, et al. - CASE NO. 18-23538

DETAIL OF TIME ENTRIES

FOR THE PERIOD MAY 1, 2020 TO MAY 31, 2020

Task Category	Date	Professional	Hours	Activity
18	5/5/2020	Kim, Ye Darm	2.2	Review historical operating agreements.
18	5/7/2020	Kim, Ye Darm	1.1	Review shareholders' historical SHLD holdings.
18	5/7/2020	Kim, Ye Darm	1.3	Perform review of the historical shareholders SHLD holdings.
18	5/8/2020	Kim, Ye Darm	1.9	Prepare analysis of reported historical shareholders' holdings.
18	5/8/2020	Kim, Ye Darm	2.1	Review productions re: related party annual reports.
18	5/8/2020	Kim, Ye Darm	0.8	Participate in meeting re: historical SHLD holdings.
18	5/11/2020	Kim, Ye Darm	0.4	Prepare update re: SHLD holdings analysis.
18	5/11/2020	Kim, Ye Darm	2.2	Process revisions to analysis re: SHLD holdings.
18	5/11/2020	Kim, Ye Darm	0.6	Draft summary of SHLD holdings analysis.
18	5/11/2020	Kim, Ye Darm	1.6	Review production of related party annual reports.
18	5/14/2020	Eisler, Marshall	1.0	Prepare for call with Akin re: historical debt facilities.
18	5/14/2020	Eisler, Marshall	0.6	Participate in call with Akin re: complaint.
18	5/14/2020	Diaz, Matthew	0.5	Prepare for call with Akin re: the complaint.
18	5/14/2020	Diaz, Matthew	0.6	Participate in a call with Akin to discuss questions re: complaint.
18	5/14/2020	Kim, Ye Darm	0.6	Participate in call with Akin re: investigations.
18	5/14/2020	Kim, Ye Darm	0.8	Review FTI real estate team's rent analysis.
18	5/14/2020	Kim, Ye Darm	0.6	Review valuation re: prepetition transaction.
18	5/14/2020	Kim, Ye Darm	2.3	Review productions re: interest and fees analysis.
18	5/14/2020	Kim, Ye Darm	1.4	Review analysis re: interest and fees.

EXHIBIT C

SEARS HOLDINGS CORPORATION, et al. - CASE NO. 18-23538

DETAIL OF TIME ENTRIES

FOR THE PERIOD MAY 1, 2020 TO MAY 31, 2020

Task Category	Date	Professional	Hours	Activity
18	5/18/2020	Kim, Ye Darm	1.1	Update analysis re: SHLD Holdings.
18	5/19/2020	Kim, Ye Darm	0.4	Prepare draft email summary re: issues from Akin.
18	5/19/2020	Kim, Ye Darm	1.8	Continue review of production re: equity holdings.
18	5/20/2020	Kim, Ye Darm	0.5	Draft summary of store profitability analysis.
18	5/20/2020	Kim, Ye Darm	0.8	Review valuations included in amended complaint.
18	5/20/2020	Kim, Ye Darm	0.3	Prepare update re: store analysis.
18	5/20/2020	Kim, Ye Darm	2.8	Prepare analysis re: store-level profitability.
18	5/20/2020	Kim, Ye Darm	1.8	Prepare analysis re: D&O holdings.
18	5/21/2020	Diaz, Matthew	0.9	Review updated responses to Akin inquiries re: litigation.
18	5/21/2020	Kim, Ye Darm	2.1	Update analysis re: store profitability.
18	5/21/2020	Kim, Ye Darm	1.8	Update analysis re: D&O holdings.
18	5/21/2020	Kim, Ye Darm	0.4	Draft updated summary email re: store profitability and D&O analyses.
18	5/22/2020	Kim, Ye Darm	0.9	Review analysis re: spin-off valuation.
18	5/22/2020	Kim, Ye Darm	2.2	Update store analysis re: terminations.
18	5/22/2020	Kim, Ye Darm	0.8	Review market evidence memo.
18	5/22/2020	Kim, Ye Darm	1.7	Update D&O holdings analysis.
18	5/25/2020	Diaz, Matthew	0.7	Review updated responses to certain Akin questions.
18	5/26/2020	Diaz, Matthew	0.8	Review responses to Akin's questions on the complaint.
18	5/26/2020	Kim, Ye Darm	1.7	Prepare updates to analysis re: store profitability.

EXHIBIT C

SEARS HOLDINGS CORPORATION, et al. - CASE NO. 18-23538

DETAIL OF TIME ENTRIES

FOR THE PERIOD MAY 1, 2020 TO MAY 31, 2020

Task Category	Date	Professional	Hours	Activity
18	5/26/2020	Kim, Ye Darm	0.8	Review production source file re: historical debt and interest.
18	5/26/2020	Kim, Ye Darm	0.9	Review analysis re: debt and provide summary to Akin.
18	5/26/2020	Kim, Ye Darm	0.6	Process updates to analysis re: D&O holdings.
18	5/27/2020	Kim, Ye Darm	1.1	Review debt analysis in the amended complaint.
18 Total			59.2	
24	5/1/2020	Kim, Ye Darm	0.9	Update draft of Sears monthly fee statement.
24	5/4/2020	Diaz, Matthew	0.5	Review and provide comments to the March fee statement.
24	5/4/2020	Shapiro, Jill	1.2	Prepare updates to the March fee statement.
24	5/5/2020	Hellmund-Mora, Marili	0.4	Generate fee and cost estimate in connection with reporting budget.
24	5/5/2020	Shapiro, Jill	0.3	Prepare the weekly fee estimate.
24	5/6/2020	Shapiro, Jill	0.2	Prepare the weekly fee estimate.
24	5/12/2020	Hellmund-Mora, Marili	0.5	Generate fee and cost estimate in connection with reporting budget and fee application.
24	5/12/2020	Shapiro, Jill	0.3	Prepare the weekly fee estimate.
24	5/13/2020	Diaz, Matthew	0.6	Review updated Sears budget.
24	5/19/2020	Hellmund-Mora, Marili	0.5	Generate fee and cost estimate in connection with reporting budget and fee application.
24	5/19/2020	Shapiro, Jill	0.5	Prepare the weekly fee estimate.
24	5/26/2020	Hellmund-Mora, Marili	0.4	Generate fee and cost estimate in connection with reporting budget and fee application.

EXHIBIT C

SEARS HOLDINGS CORPORATION, et al. - CASE NO. 18-23538

DETAIL OF TIME ENTRIES

FOR THE PERIOD MAY 1, 2020 TO MAY 31, 2020

Task Category	Date	Professional	Hours	Activity
24	5/26/2020	Shapiro, Jill	0.4	Prepare the weekly fee estimate.
24	5/28/2020	Hellmund-Mora, Marili	0.4	Generate fee and cost estimate in connection with reporting budget and fee application.
24 Total			7.1	
Grand Total			76.9	

EXHIBIT D

SEARS HOLDINGS CORPORATION, et al. - CASE NO. 18-23538

SUMMARY OF EXPENSES

FOR THE PERIOD MAY 1, 2020 TO MAY 31, 2020

Expense Type

Amount

Not Applicable in this month.

EXHIBIT E

SEARS HOLDINGS CORPORATION, et al. - CASE NO. 18-23538

EXPENSE DETAIL

FOR THE PERIOD MAY 1, 2020 TO MAY 31, 2020

Date	Professional	Expense Type	Expense Detail	Amount
Not Applicable in this month.				